

## Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 IOE-00 CIAE-00 INR-10 NSAE-00 RSC-01

CU-04 ABF-01 OMB-01 TRSE-00 USIA-15 DRC-01 /048 W

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P 131922Z JUN 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 9918

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NESCO

E.O.11652: N/A

TAGS: AORG, OCON, UNESCO

SUBJECT: 94TH EXBD: FINANCE AND ADMINISTRATIVE COMMISSION  
DRAFT RESOLUTION ON BUDGET ADOPTED

REF: PARIS 13871

1. F&A COMMISSION ADOPTED ON JUNE 12 FOLLOWING DRAFT  
RESOLUTION ON 18 C/5 BUDGET BY VOTE OF 20 (US) - 0 - 4  
(TOGO, SENEGAL, BULGARIA, USSR):

1. HAVING EXAMINED THE REPORT OF THE FINANCE AND  
ADMINISTRATIVE COMMISSION ON ITS STUDY OF THE FINANCIAL  
AND ADMINISTRATIVE ASPECTS OF THE DRAFT PROGRAMME AND  
BUDGET FOR 1975-1976,

2. NOTING THE DISCUSSIONS OF THE FINANCE AND ADMI-  
NISTRATIVE COMMISSION WITH THE ASSISTANT DIRECTORS-GEN-  
ERAL AND DIRECTORS CONCERNED WITH THE SEVERAL PARTS,  
CHAPTERS AND SUB-CHAPTERS OF DOCUMENT 18 C/5,

3. IS OF THE OPINION THAT THE PREPARATION OF THE  
DRAFT PROGRAMME AND BUDGET FOR 1975-1976 (18 C/5) WAS  
CARRIED OUT IN ACCORDANCE WITH THE DIRECTIVES OF THE  
GENERAL CONFERENCE (17 C/34 AND 17 C/35) AND THE GUIDE-  
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LINES OF THE EXECUTIVE BOARD (93 EX/5.1),

4. NOTING THE SUGGESTIONS OF THE FINANCE AND ADMINISTRATIVE COMMISSION FOR ADDITIONS TO THE BUDGET FOR 1975-1976 AMOUNTING TO SOME \$815,000, MAINLY TO MEET THE COST OF THE INTRODUCTION OF CHINESE AS A WORKING LANGUAGE OF THE GENERAL CONFERENCE AND OF ARABIC AS A WORKING LANGUAGE OF THE EXECUTIVE BOARD,

5. BEARING IN MIND THE CONTINUED NEED TO ADHERE AS CLOSELY AS POSSIBLE TO THE GUIDELINES FOR INCREASING THE EFFICIENCY OF THE SECRETARIAT AS SET OUT IN A NUMBER OF RESOLUTIONS OF THE GENERAL CONFERENCE INCLUDING 17 C/RESOLUTION 38.1, AND INCREASING THE GROWTH OF THE PROGRAMME IN RELATION TO ADMINISTRATIVE EXPENDITURE,

6. BEARING IN MIND THE CONTINUING FLUCTUATION OF THE VALUE OF THE UNIT OF ACCOUNT IN RELATION TO OTHER CURRENCIES AND IN PARTICULAR TO THE FRENCH FRANC AS INDICATED IN PARAGRAPH 12 OF THE TECHNICAL EXPLANATION OF 18 C/5 AND IN 94 EX/INF.5,

7. CONSIDERING THE SERIOUS EFFECT ON THE BUDGET OF CURRENT INFLATIONARY TRENDS,

8. DECIDES IN THE LIGHT OF THE FOREGOING CONSIDERATIONS TO DEFER ITS FINAL RECOMMENDATION ON THE BUDGET PROVISIONS UNTIL ITS 95TH SESSION;

9. DECIDES FURTHER TO ESTABLISH A SMALL WORKING GROUP TO ASSIST THE BOARD IN ITS CONSIDERATION OF THESE MATTERS AT ITS 95TH SESSION;

10. INVITES THE DIRECTOR-GENERAL:

(A) TO CONTINUE ACTIVE PARTICIPATION IN THE DELIBERATIONS OF THE UNITED NATIONS WORKING GROUP ON CURRENCY INSTABILITY, BEARING IN MIND THE DECISION TAKEN BY THE EXECUTIVE BOARD AT ITS 95TH SESSION (93 EX/DECISION 5.1 PARAGRAPH 13(C)), AND TO REPORT TO THE BOARD AT LIMITED OFFICIAL USE

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ITS 95TH SESSION;

(B) IN THE LIGHT OF THE DISCUSSIONS IN THE BOARD AND ITS COMMISSIONS, TO ASSIST THE BOARD IN ITS CONTINUING REVIEW OF THE PROPOSALS FOR THE DRAFT PROGRAMME AND BUDGET WITH A VIEW TO ITS BEING ABLE TO CONSIDER RECOMMENDING POSSIBLE ADJUSTMENTS AND ECONOMIES IN SUCH A WAY AS

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RSC-01 CIAE-00 INR-10 NSAE-00 CU-04 ABF-01 OMB-01

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TO MINIMIZE THE IMPACT ON THE PROGRAMME ITSELF.

2. ABOVE REPRESENTS FINAL EFFORT OF A SECOND WORKING GROUP THAT WAS CONVENED AFTER DR TEXT REPORTED REFTEL WAS SUBJECTED TO AMENDMENTS FROM F&A COMMISSION CHAIRMAN AND ALGERIAN MEMBER. THEIR AMENDMENTS WOULD HAVE STATED APPROVAL OF "TECHNICAL CORRECTNESS" OF BUDGET, MENTIONED \$155 MILLION 18 C/5 BUDGET, INCLUDING APPROX. \$15 MILLION INFLATION-DOLLAR FLUCTUATION INCREASE, AND PRECLUDED CONSIDERATION OF ANY ECONOMIES AFFECTING PROGRAM SUBSTANCE.

3. PERMDEL TOOK STRONG LEAD IN JUNE 11 DEBATE AND CORRIDOR LOBBYING IN REFUSING ANY SUBSTANTIVE CHANGES IN CONSENSUS DR OF FIRST WORKING GROUP. GENEVA GROUP MEMBERS, MOST NOTABLY FRANCE AND FRG, AS WELL AS SOVIETS, SUPPORTED PERMDEL INSISTENCE THAT THIS BOARD SESSION SHOULD NOT BE IN ANY WAY COMMITTED TO A GIVEN BUDGETARY CEILING. MOREOVER, PERMDEL WAS JOINED IN CRITICIZING UNFAIRNESS OF RE-OPENING FOR SUBSTANTIVE CHANGE THE FIRST DR WHICH HAD BEEN DRAWN UP BY A

REPRESENTATIVE WORKING GROUP.

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4. F&A CHAIRMAN WINTER FINALLY CONVENED SAME WORKING GROUP UNDER UK CHAIRMANSHIP, EXCEPT FOR ABSENCE OF ALGERIAN WHO WAS REPLACED BY ETHIOPIAN MEMBER, WHICH PRODUCED FINAL TEXT JUNE 12. LATTER REPRESENTS IMPROVE MENT OVER ORIGINAL BECAUSE PARA 10 (B) ADMITS THE POSSIBILITY OF CUTS THAT MIGHT AFFECT PROGRAM; A CONCEPT THAT IS ANATHEMA TO LDC MEMBERS ON BOARD.

5. DELOFF IN EXPLANATION OF US VOTE FOR NEW DR STATED CONTINUING US RESERVATIONS ON BUDGETARY ISSUES BUT PRAISED THE SPIRIT OF COMPROMISE INHERENT IN THIS TEXT. SOVIET MEMBER PRIVATELY TOLD DELOFF HE RECOMMENDING HIS INSTRUCTIONS BE AMENDED TO PERMIT FAVORABLE VOTE IN PLENARY ON DR.

6. WHILE THIS ROUND WAS IN PERMDEL VIEW A MARKED VICTORY, GIVEN LDC INSISTENCE ON CONTINUED PROGRAM GROWTH AND RESISTANCE TO ECONOMY CUTS AFFECTING PROGRAM, THIS DR MUST NOW GO BEFORE BOARD PLENARY SESSION TENTATIVELY SCHEDULED FOR SATURDAY, JUNE 13, BUT WHICH MAY BE DEFERRED UNTIL MONDAY.

7. PERMDEL OF COURSE LOBBYING NOW AMONG LDCS FOR THEIR ACCEPTANCE OF DR AS IS WITH ARGUMENTS THAT DR IS MOST ACCEPTABLE COMPROMISE POSSIBLE AT THIS POINT AND THAT MAJOR DONOR NATIONS NEED TIME ACCORDED IN PARAS 8 AND 9 OF DR FOR FURTHER CONSIDERATION OF BUDGET. HOWEVER, ALGERIANS MAY INTRODUCE AMENDMENTS AT PLENARY SESSION SEEKING PROVISIONAL COMMITMENT TO AT LEAST \$155 MILLION BUDGET FIGURE AND SEEK DELETION OF LAST

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RSC-01 CIAE-00 INR-10 NSAE-00 CU-04 ABF-01 OMB-01

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PHRASE IN PARA 10 (B) OF RESOLUTION.

8. PERMDEL WOULD AGAIN STRESS FACT THAT MOST OF GENEVA GROUP PREPARED TO GO ALONG WITH \$155 MILLION BUDGET CONTAINED IN 18 C/5. FRG AND US ARE MOST VOCAL EXCEPTIONS BUT IT LIKELY THAT FRG WOULD ULTIMATELY GO ALONG WITH COMMITMENT TO \$155 MILLION IF THIS INTRODUCED WITH INDICATION OF STRONG SUPPORT IN PLENARY.

9. PERMDEL WOULD RECOMMEND A VOTE OF ABSTENTION IF BUDGETARY COMMITMENT AMENDMENT IS INTRODUCED WITH STRONG SUPPORT IN PLENARY AND NO OTHERS WILLING TO VOTE AGAINST. EVEN SOVIETS WHO HAVE BEEN TAKING HARD-LINE ECONOMY STANCE UNLIKELY TO VOTE "NO" BECAUSE OF POLITICAL CONSIDERATIONS OF LDC REACTIONS.

10. PLEASE ADVISE.

11. LOOKING AHEAD TO FALL SESSION, PERMDEL RECOMMENDS THAT DEPARTMENT CONSIDER BUDGETARY ISSUE IN LIGHT OF LDC VOTING POWER AND THE EFFECT OF AN UNCOMPROMISING HARD-LINE ECONOMY STANCE WILL HAVE ON OUR RELATIONSHIP  
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AND LEVERAGE WITH LIKELY NEW DIRECTOR GENERAL (M'BOW). LDC'S, INCLUDING ALGERIANS, CAN ACCEPT ECONOMIES IN ADMINISTRATIVE AND OTHER OVERHEAD COSTS THAT WILL NOT AFFECT PROGRAM SUBSTANCE INCLUDING GROWTH RATE. U.S. POSITION SHOULD PRESS FOR REDUCTIONS IN THESE AREAS BUT NOT TO OPPOSE BASIC SUBSTANCE OF PROGRAM.  
IRWIN

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